



SADA

THE SOUTH AFRICAN
DENTAL ASSOCIATION

SOUTH AFRICAN DENTAL ASSOCIATION (SADA) ANNUAL INTEGRATED REPORT 2015/16



DOCTOR
ENGINEER

+ ARTIST

= DENTIST

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“Teeth are always in style”

- Dr Seuss

2015 /16 ANNUAL INTEGRATED REPORT

This, our 6th Annual Integrated Report, is not just an account of the South African Dental Association NPC's performance over the past year; it is also about the strategic direction and sustainability of our organisation. We invite you to read on and gain further insight and understanding of how our Association has performed and developed in 2015/16.

About This Report

This SADA Annual Integrated Report aligns with the best practice of integrated reporting, following the principles of integrated reporting contained in the International Integrated Reporting Framework (the International <IR> Framework) as published by the International Integrated Reporting Council (IIRC) in December 2013.

Reporting Philosophy

In releasing this Annual Integrated Report, SADA is fully committed to, and fully embraces the principles of integrated reporting. It depicts our continued commitment to implementing organisational sustainability in all that we do and focuses on the value created by SADA for its stakeholders over the short-, medium- and long-term. In this report, when we refer to "SADA" or "we" or "our", we mean the South African Dental Association NPC. We subscribe to the principle that an integrated report should show how the company's value creation process is impacted by both its internal and external environment, as well as by the connectivity between the Association's strategy, governance, performance and future outlook.

The analysis and compilation of this report takes into account the following internal and external factors:

- Strategic risks to SADA as identified by the Audit and Risk processes;
- Concerns and expectations of our key stakeholders;
- Reviews by the SADA management and Board Committees; and
- Advice provided by external experts and specialists.

Scope, Boundary and Framework

The SADA 2015/16 Annual Integrated Report covers the period 01 October 2015 to 30 September 2016. The Report provides members and other stakeholders with a holistic view of SADA's business model, governance, strategy and performance - all in the context of key risks and opportunities which impact both the private and public oral healthcare sectors. It includes operations at the SADA Head Office and all branches countrywide. The Report delves into how SADA manages its available resources responsibly and, in doing so, details SADA's interactions and activities pertaining to its members and other key stakeholders - including dental professionals, third-party funders and relevant regulatory authorities.

The reporting boundaries are defined for each material aspect of this report. In preparing this report, our management team considered integrated reporting guidelines provided by:

- Guidance issued by the Integrated Reporting Committee (IRC) of South Africa and the International Integrated Reporting (IR) framework issued by the IIRC;
- The Companies Act No 71 of 2008 - as amended;
- The International Financial Reporting Standard (IFRS) for small and medium Enterprises; and
- The South African Report of Corporate Practice (King 3 report 2009).

A comprehensive set of consolidated Annual Financial Statements is also available online in the member's section of our website (www.sada.co.za).

Basis of Presentation and Guidelines

The Report seeks to provide a transparent and balanced appraisal of SADA's value creation. This takes into account both qualitative and quantitative matters that are material to the operational and strategic objectives of the Association and its ongoing sustainability. These are the factors we consider to be most important, which may influence our stakeholders' decision making.

This Report provides SADA members, as well as other stakeholders, with a holistic view of SADA's business model, governance, strategy and performance. It is presented in the context of key risks and opportunities which impact the private and public oral healthcare sectors. Comparative information for two years, where relevant, as well as short- and medium-term targets are included.

The inclusion of certain sections - in line with International Reporting Guidelines - improves on our 2014 Annual Integrated Report

Materiality

This Report addresses all matters of material importance to SADA and our stakeholders. Material matters which we consider to be risks and / or opportunities and which can significantly impact the delivery of SADA's strategy and performance and, in turn, SADA's ability to create and sustain value in the long term have been detailed.



Assurance Approach

A combined assurance approach, which comprises three lines of defence - review by management and the relevant oversight structures and supplemented review by internal and external assurance providers - has been applied. This has enabled us to optimise governance oversight of risk management and control. The Annual Financial Statements (included in this Report) are in a summarised format and have been audited externally by SizweNtsalubaGobodo Inc.

Responsibility of the Board and the Approval of the Annual Integrated Report

The Board, supported by the Strategy, Social and Ethics Committee (SSECO) and the Audit & Risk Committee (AURCOM), is responsible for overseeing the integrity of our Annual Integrated Report. The Board confirms it has applied its collective mind to the preparation and presentation of the report and is satisfied that it is a fair and reasonable representation of the company's performance and future outlook.

This report was approved by the Board and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Yvette Solomons', written over a horizontal line.

Dr Yvette Solomons
 Chairperson of the Board
 16 February 2017

For any feedback or comment contact:

KC Makhubele,
 Chief Executive Officer
 kcmakhubele@sada.co.za,
 011 484 5288

SADA ORGANISATIONAL OVERVIEW



DR ROUX VERMEULEN PRESIDENT

The 2015/16 SADA Annual Integrated Report comes at a watershed moment for the Association following the resignation of the erstwhile SADA CEO, Mrs Maretha Smit, which came into effect in August 2016. As one era ends, another begins.

It is, therefore, with pleasure that I report the appointment of the new CEO, Mr Khomi C Makhubele (known as "KC" to all), who officially assumed his duties on 1 November 2016.

My role changed over the last year from Chairperson of the Board to President of the Association. SADA ended the year by offering its members, for the first time, various membership packages which provided them with a wider choice of membership categories and aligns with their individual requirements.

In carrying out its mandate, in the difficult and trying economic climate in which members operate, SADA addresses the increasing demands of its members and the issues that impact on their practices and employment. The diversity of members - all of whom have very extreme and different needs - makes meeting their requirements ever more challenging.

Statement of the President

These members - from younger practitioners, who are mid-way through their careers, to those approaching the end of their professional careers - have vastly different expectations. We are required to navigate differing demands, including from those in the private and public sectors, and have no choice but to try to meet and address these needs as best we can. In July 2016 we carried out a General Practitioner Survey which included specific questions around managed care contracts and understanding of the extent to which members operated in cash practices and those which relied on medical schemes. In general, members relied on managed care contracts, even though these rates are not financially viable and do not cover the actual costs of services.

Members acknowledged that network contracts contributed to the cash flow in their practices and many were fairly familiar with the conditions of the contract. Therefore, SADA will continue to monitor and influence these managed care contracts.

SADA has to continually call on the wisdom and experience gained in the past and adapt to an ever-changing environment in which the new generation practices. This context will also define the way in which the Association needs to adapt.

Gone are the days when branch meetings were used to touch base and exchange a few pleasantries amongst colleagues. Members expect a professional approach to meetings and report back from Committees and SADA Head Office.

We will continue to review and assess the manner in which we provide our services to members with the aim of ensuring sustainable oral health care for all South Africans. Therefore, it fills me with a sense of pride, but also slight uneasiness, that I look back on the last six months that I have served as SADA President. While the National Council representation shows a clear transformation and meeting gender targets, smaller branches still face some challenges. We are able to access our branches through their Branch Committees which interact with our members at grassroots level, and rely on them to respond to the evolving profession. Almost half of our branches have successfully transferred their funds for investment, as recommended by the Investment Committee. The remaining branches still face the challenge of getting their signatories to approve and transfer funds.

We need to continually capture the hearts and minds of young professionals through the Young Dentists Council (YDC). This Association provides young industry professionals with a structure that will enable positive responses to professional issues facing new industry entrants and young practitioners as well as dental students.

“FOR THE **SUSTAINABILITY OF THE PROFESSION**, IT IS **ESSENTIAL** THAT WE **WORK TOWARDS REBUILDING TRUST** WITH ALL STAKEHOLDERS.”

- Dr Roux Vermeulen
President

The ultimate aim in this regard is to transform the profession into one that reflects the true dynamics of the country.

Our role, as a professional Association, includes understanding of the oral health requirements of the country and government plans and balances that with the professional requirements of our members, including feasibility of dental practices and the funding environment. For the sustainability of the profession, it is essential that we work towards rebuilding trust with all stakeholders.

It is regrettable that oral health is still not a priority for the government, which is increasingly looking at primary healthcare models. Of even greater concern is the fact that consumers are also not prioritising oral healthcare needs, which have seen a decrease in dental benefits offered by their schemes and insurers.

The impact on the profession of the current economic climate, increasing input costs related to regulation, the escalating exchange rate, and the disintermediation of the dental profession in terms of scopes of practice is a critical factor concerning professional disciplines across the board.

In this regard, SADA's advocacy efforts are more crucial than ever before. It is important for members to appreciate that not all efforts by the Association will be successful. The important thing is that the Association will continue to engage with stakeholders in an effort to improve the circumstances of our members. As a matter for concern, it has been reported by my predecessors that there is a lack of unity in the dental profession. We must be cognisant of the fact that not all practices are the same and different business models require differing responses. We need to build appreciation and understanding of these differences in our membership structure in order to free up our resources to contribute to future developments.

To conclude my thoughts on the past year, the performance of SADA has been positive and I am pleased to continue serving our members.

As President, I would like to express my sincere gratitude to my fellow National Council members, the Board of Directors, Branch Committees and the Management of the Association for their support during the last six months.



Dr Roux Vermeulen
President

Statement from the Chairperson of the Board

I have pleasure in presenting this, my second report, as Chairperson of SADA's Board of Directors. The Board continues to act with due care, diligence, skill and good faith in the best interests of SADA and its members.



“WE DON'T JUST FIND
**OPPORTUNITIES, WE
CREATE THEM.**”

- Dr Yvette Solomons
Chairperson: Board of Directors

During August 2016 we bid a sad farewell to the erstwhile CEO, Mrs Maretha Smit, who resigned and emigrated to New Zealand to take up a new opportunity. I would like to extend our immense gratitude to our legal advisor, Mr Punkaj Govan, for having fulfilled the role of Acting CEO during the transition period until the appointment of our new CEO.

I have had the immense pleasure of working very closely with Mrs Smit during my tenure as President and subsequently as Chairperson of the Board. During my tenure, I was able to witness changes in SADA's corporate governance structure, transformation goals and targets as well as policies and procedures for the implementation of proper corporate

Our Purpose

I believe that, as an organisation, we understand that it is not enough just to keep with the times. It remains imperative that we are relevant in our service delivery, thus we need to be at the forefront of change at all times, readily adapting to changes to ensure that our members receive continued support and the value of our services.

Subsequent to meetings with the Board, Board Committees, the National Council and Branch Committees, I am reminded time and again of the men and women who are not hesitant to sacrifice their time for this organisation. Their commitment enables the Association to remain relevant for an ever-expanding community of dental professionals.

We have remained committed to consistent service excellence during the past year as we have listened and responded to quests tabled by our members. SADA's new positioning is relevant and in the interest of the organisation to ensure we continue to deliver what you, our members need and we have done so amidst very challenging seasons.

Representing the vast majority of the dentists in the country gives us a real understanding of issues facing the oral health sector. The road ahead will see us looking to work more collaboratively with stakeholders because, ultimately, both the public and private sectors have the same cost pressures as well as goals to provide better service value and, more so, affordable quality healthcare.

Macro Factors

Factors beyond the Association's control have necessitated a review of how SADA operates, with the focus on the costs of doing business, per se. A low economic cycle, further complicated by increasing legislation and compulsory regulatory requirements, has directly imposed more challenges on the profession. More critically, decreasing dental benefits offered by Health Care Funders commensurate with increasing protocols within Managed Health Care create an environment that has proven increasingly complex to navigate. Possible changes to healthcare regulation could lead to massive changes. SADA will leave no stone unturned to ensure that the situation is closely monitored, to keep us ahead of this and other possible regulatory curveballs.

Financial

As will be more fully explained elsewhere in the Report, we concluded the financial year successfully, with reserves increasing by R971 898.00, with a total amount of R24 million, which is the available amount required to keep the Association sustainable in the event of a crisis. The Board has approved recommendations by the Investment Committee to invest these funds professionally and will continue to monitor performance. Managing the maintenance of reserves in the volatile environment in which we operate, requires prudent management since, as a non-profit company, we do not have the luxury of access to additional external capital.

Governance

Our commitment to effective governance enables the SADA Board to translate our strategic objectives into real value for our members and stakeholders as we continue with our efforts to enhance a sustainable organisation for the long term. We have succeeded in consolidating several branches' finances, which have been invested in accordance with recommendations of the Investment Committee. The internal controls and risk management processes reflect best practice. Our governance structures require continuous review and change, learning from past experiences and future requirements. The changes made in the past have come to fruition and we will also embark on more changes. During the past year, we have critically reviewed the organisational structure and will implement further changes in 2017 to ensure that we are appropriately structured to meet our objectives for the next four years or longer. The decision to change the structure has come from the need to create a more streamlined branch- to Head Office coordination in order to meet the needs of our members more effectively.

Transformation and Succession

We are managing transformation and succession as a Board. Changes to various levels of the Association's affairs are ongoing and are beginning to reflect the rich racial, gender and cultural tapestry of our nation. Significant strides were made throughout the business year and, despite challenges posed by transformation, the Association is proud of the progress made and will continue to strive towards relevant and necessary change.

Stakeholder Relations

SADA remains committed to engaging with our stakeholders to ensure amicable and mutually beneficial relationships are fostered, promoting our members' interests. Members voice their opinions and interact with the Board at our AGMs and National Council meetings, often raising key concerns and deliverables that we take seriously and immediately attempt to resolve. It is of paramount importance that we understand the needs of our members and how they are constantly remodelled. We appreciate the fact that members are now more astute about their rights as members. They need information in real time and part of our service is to meet these needs digitally through our communiques.

Director Development

Moving forward, our focus areas include, among others: facilitating the best appointments regarding directors and committees, better capacity development, better business processes and critically evaluating our impact. Through the Director Development and Training Programmes, we have made a significant contribution in raising the standards of leadership knowledge and performance.



Acknowledgements

As I reflect on another year as the SADA Board Chairperson, I cannot help but feel a great sense of privilege and pride in co-partnering, on being associated with those members who work tirelessly for the Association to ensure that the service we offer is consistent with our members' expectations.

I extend my thanks to the committed, supportive and focused Board of Directors as well as all Committee members who, each, make unique contribution to the operations of our Association. Sincere appreciations are expressed to the three Directors whose term on the Board ends in March 2017. Drs Ian Erasmus, Nomkanka Setshego and Mark Wertheimer: Thank you for every effort, sacrifice and time shared over the past six years in the interest of SADA and the next generation.

Indeed, the entire SADA team is responsible for the success of this past year. To all of you, I extend a heartfelt thanks for your support, your forward focus and hard work during hard, challenging times, for working hard and for looking to the future with your leaders.

To our members, your loyalty and support are what keep us motivated, our targets clear and our achievements worthwhile. Thank you for partnering with us for another year and for upholding your continued trust in us for the years to come. Here's to a great 2017 and the road ahead. We are, because WE ALL are better together.

Dr Yvette Solomons
Chairperson: Board of Directors

Statement of the Chief Executive Officer

The new financial year has brought with it my appointment as the new SADA CEO. I am writing this having been in the position for a short period of two months.



At this time, I wish to acknowledge the valuable contribution made by my predecessor, Mrs. Maretha Smit, and the positive impact she has made in leading SADA into a new governance framework.

I will build on this in order to achieve operational effectiveness, to strengthen our stakeholder management as well as, to strengthen our value proposition to members. By this I endeavor to facilitate solutions for issues that keep our members awake at night.

The past year saw the implementation of new membership value options which, for the first time, offer members greater choice with regards to SADA services. Members now have access to different membership options, allowing them to select services which are aligned to their needs. Despite initial reservations and concerns around this approach, we are

happy to report that the majority of our members, who have taken more than one module, have experienced greater value in terms of each membership product offered.

The Association's strength and sustainability continue to be derived from our branch reach as well as our strong relationships with our diverse and loyal members. In order to articulate and implement our new strategic plan for 2017, our strategic objectives have been refined. Interrogating our stakeholder engagement and building on our executive and management capacity is a journey we look forward to sharing with our members.

SADA is not alone in having hurdles to overcome. All professional associations are faced with challenges in terms of both the economic climate as well as the legislative environment. Both the Board and executive management, being fully aware of this impact as well as the implications which are commensurate with these issues, continually reflect on additional potential consequences and scenarios.

We are focused on streamlining our financial processes and, in particular, consolidating the financial processes of our various branches. We are proud to report that we have managed to invest most of our branches' investment income in accordance with the recommendations of the Investment Committee.

We will continue in our efforts until all branch investments are carefully and successfully invested and branches are

able to manage their expenses effectively in line with their annual budgets.

During the year, SADA appointed Investec and Foord Investments as the Association's investment consultants. This has provided us with a dynamic framework to enable prudent and optimal short-, medium- and long-term investment decisions. We have taken acceptable levels of risk into account in respect of the Association's branch and national funds.

It gives me great pleasure to report that, notwithstanding low member growth rates and the tough economic climate which has constrained spending, the Association was able to achieve a positive overall performance. This performance was attained largely through our powerful relationships with members. SADA continues to grow from strength to strength.

We continue to build on our reserves every year and have, once again, exceeded our financial expectations, achieving a surplus of R950 856, which has transferred to reserves. The main contributing factors have been managing and controlling costs.

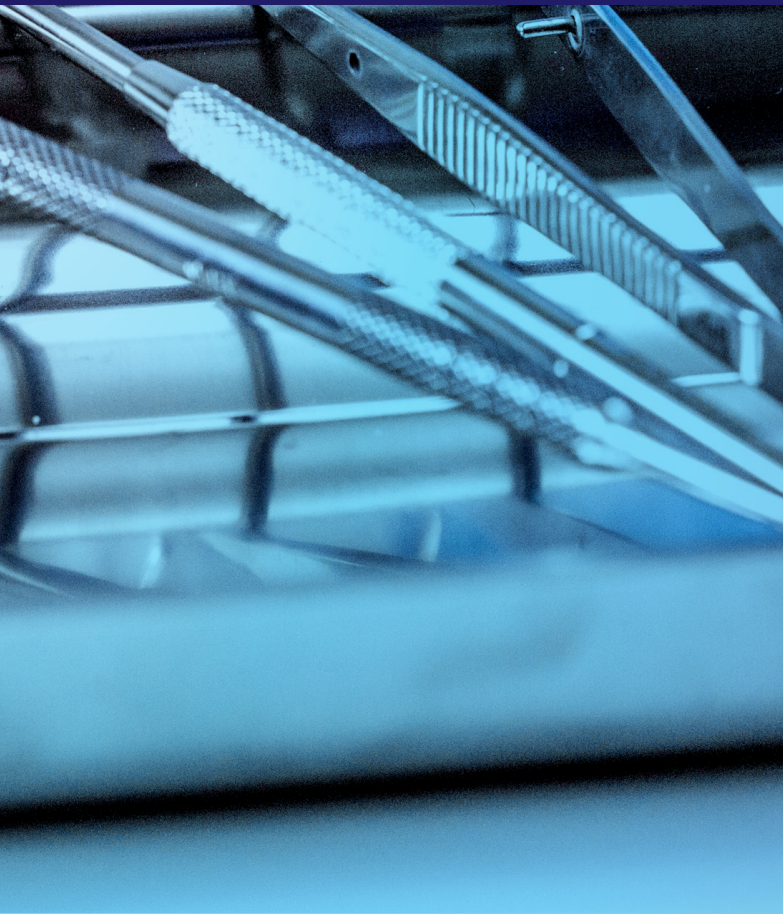
“RISK MORE THAN OTHERS THINK PRACTICAL. CARE MORE THAN OTHERS THINK POSSIBLE. CARE MORE

In Remembrance

Over the past year, we have received notifications of the passing away of the following members and employees

Miriam Schraibman (Former SADA Employee)
 Prof Maryna Ras Ferreira
 Prof Aubrey Sheiham
 Prof Arthur Lewin
 Prof Ronald George Melville
 Dr Mervyn Hirsowitz

Dr Jacobus J Smit
 Dr Petrus Ackermann
 Dr Wilhelm Ackermann
 Prof Mervyn Shear
 Prof Mario Altini



Appreciation

I would like to convey heartfelt thanks to our Chairperson, Dr Yvette Solomons, as well as our Non-Executive Directors for their insight, guidance and counsel which has, over the past few months, deepened my understanding and knowledge of the Association, our members and the industry as a whole. In addition, I would like to thank the SADA Head Office staff for their hard work and contribution to the Association's success over the past year.

Last, but not least, thank you to our loyal members for the unwavering support they continuously provide the Association.

KC Makhubele
 SADA Chief Executive Officer

**THANK SAFE. DREAM MORE THAN
 EXPECT MORE THAN OTHERS
 THAN OTHERS THINK WISE.”**

- Howard Schultz

Organisational Overview

SADA is the leading professional organisation representing dentists and dental specialists in both the South African private and public sectors Registered as a Non-Profit Company, SADA has been granted exemption from Income Tax Act 1962.

Comprises ±3200 members from both the private and public sector as well as training institutions. specialties include Orthodontics, Periodontics, Prosthodontics, Maxillo-Facial and Oral Surgery, Oral Pathology, Community Dentists, and affiliated Special interest groups

The Association has 11 (eleven) branches across all 9 (nine) provinces in South Africa Algoa-Midlands, Border-Kei, Free State, Gauteng South, KwaZulu-Natal, Limpopo, Mpumalanga, Northern Cape, North West, Pretoria, and the Western Cape and has specialist groups representing the various registered dental specialties as SADA affiliates. In order for SADA to deliver effectively on its mandate, key resources – employees, branches and information technology - are vital.

SADA's mission is to promote the interests - and serve the needs - of its members and promote optimal oral health care for all South Africans. The Association creates value for its members through advocacy and represents the interests of oral healthcare in South Africa, embarking on partnerships with supporting organisation and individual stakeholders. SADA wants to improve the long-term sustainability of good oral health for the people of South Africa.

External Environment

SADA operates in a difficult, competitive and highly regulated environment. The business environment in which dental practices operate is becoming increasingly complex, with increasing regulatory compliance required of dentists. This comes with additional costs.

In order to ensure a viable and successful career, dentists are required to have clinical as well as management, human resources and financial expertise. This is one of multiple challenges facing dentists in private practice today.

Economic Environment

The South African economy continued on its downward GDP growth of 0.4% (SARB). This local context is a direct result of the weaker global economy and continued domestic constraints. The inadequacy of current funding models to provide sufficiently for dental care, puts enormous pressure on the dental profession.

Rising interest rates and consumer inflation have had a major impact on the affordability of dental insurance. The limitations on dental cover and scheme rates, as offered by medical schemes and third-party funders, often fall below the actual cost of providing treatment and services. This applies further pressure. Changing disease patterns, increased consumerism, advancing technology and unfavourable exchange rates which affect the importing of dental materials further complicate the industry's circumstances. According to the CMS Annual Report 2015-16, Medical fund payouts declined from 15% in the early 1990s to 8.4% in the late 1990s to 3% (2013), 2.4% (2014) and 2.3% (2015) - with a mere 1.8% paid from the risk pool for dentistry

with
±3200 MEMBERS

from both the private and public sector as well as training institutions. specialties include **Orthodontics, Periodontics, Prosthodontics, Maxillo-Facial and Oral Surgery, Oral Pathology, Community Dentists, and affiliated Special interest groups.**

Regulatory Environment

The Competition Commission's inquiry into the private healthcare industry began in earnest during the year under review. This process was delayed several times due to the volume of data and the complexity of issues. As a result, this process was not completed by December 2016, as initially anticipated. SADA participated in the inquiry through written submissions but continues to monitor its progress. It is not possible for SADA to anticipate the outcome of the inquiry, but the Association will keep up to date on the issues addressed and will ensure that it is well positioned to react timeously to trends and outcomes in the best interests of its members.

The White Paper on the implementation of National Health Insurance (NHI) was published on 10 December 2015 for public comment. The paper provides broad principles for NHI, but does not provide specific details on how it will be funded. We are concerned that, in a document of more than 90 pages, there is little or no provision made for dentists

and dental specialists in the section "oral health care" The SADA Board and \ Management team will continue to follow and investigate the potential impact of NHI on members.

The Directorate of Radiation Control, under the Department of Health, initiated the requirement of identified practitioners to conduct Quality Control Tests on Dental Diagnostic X-rays Imaging Systems as a condition of their licensing. Dentists will be required to appoint designated private providers, at their own cost, to carry out these tests.

Competitive Environment

The dental industry is highly competitive. As a result, most dentists work an average of between 40 to 44 hours per week, with others working 50 to 54 hours or more per week. Patients' disposable income is seen as a major challenge, second only to the largest challenge: lowered medical scheme payouts. It is becoming increasingly difficult to contain practice overheads due to rising supply costs (such as the exchange rate of the Rand) and competitive labour markets.

Rising expenses make it more difficult for solo practitioners to compete with larger practices and this causes many to question whether this practice mode will remain viable moving forward.

Group practices and corporate practices are relatively new delivery models which are increasing in popularity. SADA research, conducted in 2014 in conjunction with KPMG confirmed that there is a cost advantage to larger group and multi-disciplinary practices.

Whilst there is one other dental group, SADA remains the leader in the dental fraternity. We have also observed the mushrooming of CPD providers and competing dental congresses. This leads to a competition for membership and sponsorships.

11 BRANCHES

across all 9 provinces in South Africa Algoa-Midlands, Border-Kei, Free State, Gauteng South, KwaZulu-Natal, Limpopo, Mpumalanga, Northern Cape, North West, Pretoria, and the Western Cape

GOVERNANCE

SADA has a two-tiered governance structure in order to provide for a representative National Council through which members can monitor and influence developments in the Association. The National Council feeds into the Board of Directors, which is ultimately responsible for SADA's strategic and fiduciary accountability.

Leadership Structure

The National Council

The SADA National Council comprises a total of 30 members, with proportionate representation across all Association branches. The National Council is led by the President of the Association

The Role of the National Council:

- Representative body of the dental profession;
- Facilitate communication into decision-making structures; and
- Gain and maintain support of SADA branches.
- Focus on extracting member sentiments (Nationally);
- Facilitate communication with Board of Directors; and
- Obtain input from Branch Committees.

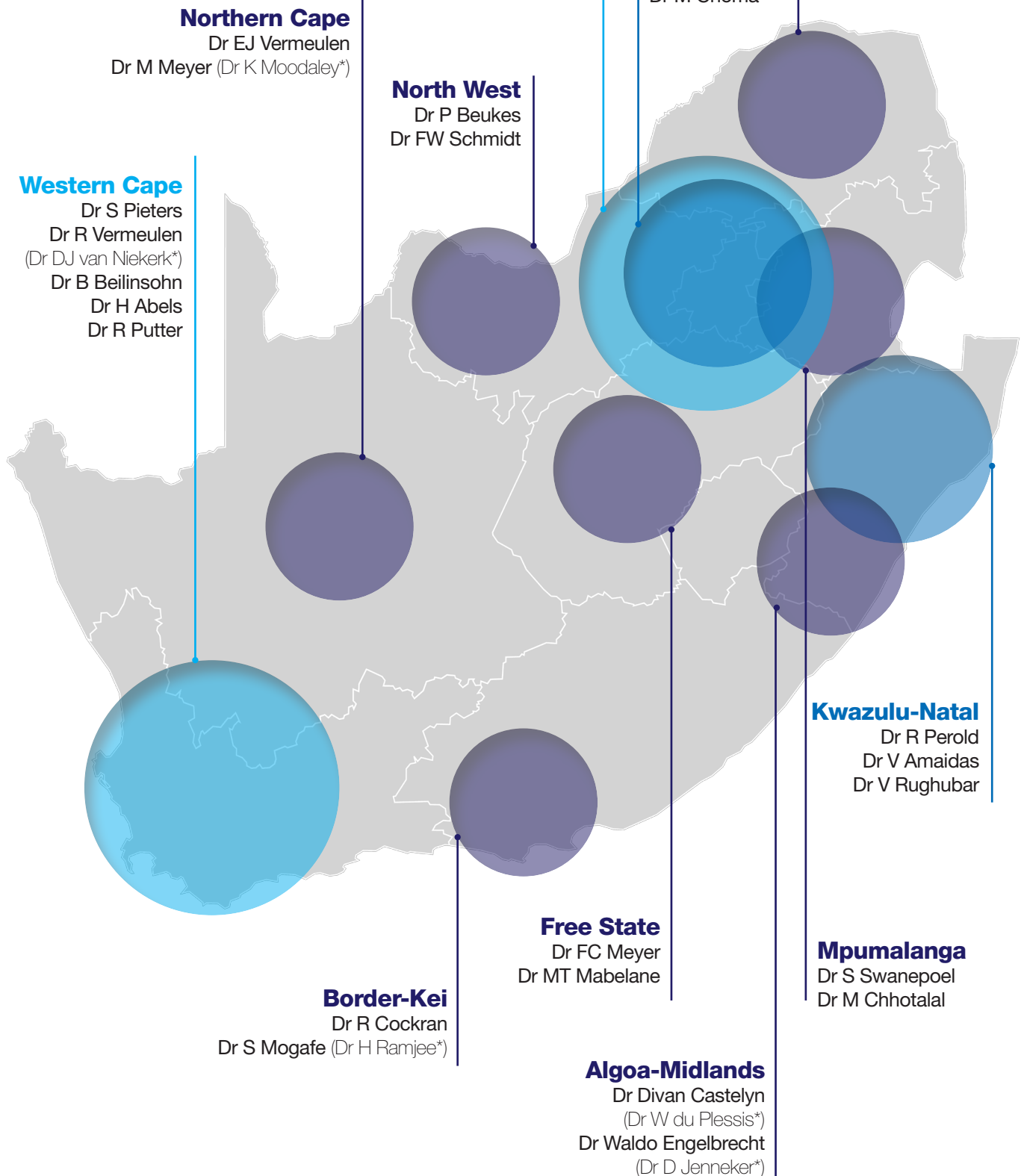
SADA's National Council met twice during the year under review, in September 2015 and in March 2016. The Council meets in the presence of the Board of Directors. Through the National Council, members have the option to channel their sentiments regarding SADA's response to developments in the health environment, as well as issues in respect to SADA's strategy and service delivery.

IN ORDER TO **DRIVE TRANSFORMATION** FROM THE **BOTTOM TO THE TOP** TIERS OF THE ORGANISATION, BRANCHES HAVE **TRANSFORMATION TARGETS**.

Branch	Members	President	Councillors
Algoa-Midlands	124	Dr D Castelyn	2
Border-Kei	65	Dr H Ramjee	2
Free State	102	Dr F Meyer	2
Gauteng South	815	Dr S Poswa	5
KwaZulu- Natal	454	Dr R Perold	3
Limpopo	52	Dr J Willemse	2
Mpumalanga	121	Dr S Swanepoel	2
Northern Cape	80	Dr M Meyer	2
North West	47	Dr P Beukes	2
Pretoria	451	Dr N Osman	3
Western Cape	733	Dr S Pieters	5
Affiliates	89	-	-
Total	3134		30

SADA BRANCHES & REPRESENTATIVES

The SADA National Council comprises of the following representatives:



YOUNG DENTISTS COUNCIL (YDC)

The Young Dentists Council (YDC) was established in 2013 with the aim of ensuring that dental students, community service dentists and younger dentists (who have just started their careers) have a platform to express their views and obtain leadership exposure within SADA structures.

The YDC actively contributes to SADA's marketing and advocacy efforts and has assisted with the compilation of the "PrepKit" for young graduates commencing in community service.

During the year under review, progress was made in terms of the inclusion of YDC members within branch committee structures. The ultimate goal in this regard is to ensure that membership is continuously driven through branches.

The YDC consists of the following members: Private Sector Representatives

- Dr P Mathai (President)
- Dr B Vishal
- Dr J C Krynauw
- Dr N Garach

Public Sector Representatives

- Dr B Sukha
- Dr Y Rampersad (Vice President)
- Dr Y Lindy
- Dr K Mimi San

Additional Representatives

- Dr A Ashley
- Dr J Claasen
- Dr R Abraham



SADA Branches

SADA has a presence in 11 (eleven) geographical regions: Algoa-Midlands, Border-Kei, Free State, Gauteng South, KwaZulu-Natal, Limpopo, Mpumalanga, Northern Cape, North West, Pretoria, and the Western Cape.

The Role of Branch Committees:

- Channelling service delivery to members at local level.
- On the ground - platform for interaction for dentists in various regions;
- Facilitate member input regarding issues affecting the profession; and
- Arrange and host CPD events.
- Distribute information regarding developments in the macro-economic health landscape.

The Role of Branch Presidents:

- Focus on members regionally;
- Understand regional dynamics, sentiments and preferences;
- Act as an advocate for SADA membership; and
- Ensure CPD service delivery.

Board of Directors

SADA is governed by a Board of Directors, consisting of 8 (eight) Non-Executive Directors, 2 (two) of whom are Independent Non-Executive Directors, and 1 (one) Executive Director. The Board is further supported by 5 (five) Board Committees in terms of oversight and subject matter expertise:

The Role of the Board of Directors:

- Focus on organisational sustainability;
- Translate member requirements into organisational strategy; and
- Governance and oversight – policies, compliance, risk management and financial sustainability.
- Sets the overall tone for governance and communicates this to Executive Management, which is mandated to implement Board decisions.

The Role of Board Chairman:

- Lead the Board;
- Focus on strategy to deliver on member input;
- Focus on organisational sustainability; and
- Focus on compliance and fiduciary responsibility

The SADA Board of Directors recognises - and is committed to, - the principles of openness, integrity and accountability advocated by the King III Report on Corporate Governance and the Companies Act 71 of 2008. Registers on the disclosure and declaration of interests of Directors and senior management are kept and updated. The Board and SADA Senior Management ensure that the Association is fully compliant with all relevant legislation. Management has certified - in terms of Section 268(d) of the Companies Act - that all statutory returns have been submitted to the Registrar of Companies



Roux Vermeulen
President



Dr M Wertheimer
Director



Dr Y F Solomons
Chairperson of the Board



Dr I Erasmus
Director



Mrs Maretha Smit
CEO



Dr KLN Mafanya
Director



Dr Setshego
Director



Dr Kissoon
Director



Dr Brent
Director



Mr Kaizer Nyatumba
Director

Board Committees

Without detracting from its overall responsibility, the Board is assisted by Committees which provide input to management, inform and make recommendations to the Board and provide insight in terms of specific mandates. Each of the Board Committees is chaired by a Non-Executive Director. The Chairman of the Board and the CEO are ex-officio attendants on all Board Committees.

In order to execute its responsibilities effectively, the Board of Directors restructured the Board Committees during the year under review. The new structure is as follows:

- **Audit and Risk Committee:** Oversee financial and integrated reporting, risk management, IT governance and assurance
- **Strategy, Social and Ethics Committee:** Assist the Board in formulating strategy for SADA and the profession, as well as monitor the social and ethical requirements affecting SADA and its stakeholders
- **Human Resources and Remuneration Committee:** Assist the Board in monitoring recruitment and remuneration practices - in accordance with all applicable legislation
- **Dental Practice Committee:** Oversee service delivery in terms of matters impacting dental practices in both the private and public sector.
- **Operations Committee:** Oversee service delivery in terms of continued education and marketing.

Each Committee acts within agreed terms of reference. The Chairman of each committee reports to the Board. The Nominations Committee is a committee with joint representation by the Board of Directors and the National Council. It is responsible for ensuring that the Board has the appropriate composition to execute its duties effectively and to make relevant recommendations to the National Council.

The Investment Committee is an operational committee (as opposed to a governance committee) which acts on behalf of the Board to select and monitor investment options and appoint investment managers in line with the investment policy and strategy set by the Board. This Committee guides investment of the surplus funds of branches and the SADA Head Office. The Committee comprises 1 (one) representative from each of the larger branches and 1 (one) representative to collectively represent smaller branches.

The Role of the Head Office & Management:

- Execute organisational strategy;
- Membership administration;
- Financial administration;
- Coding, Clinical and Medical Scheme support;
- Centralised projects (National roll-out); and
- Provide resources and systems to assist branches with administration and logistics.
- Risk and opportunity management

Corporate Governance Report

The Board of Directors places high priority on proper governance of the Association. The pillars that uphold the Association's governance are those of the Board Charter, incorporating the Code of Conduct (including a Conflict of Interest Policy), the Companies Act, 2008, and the King Report on Governance for South Africa (King III).

In addition, there are several policies that govern governance. The Nominations Committee - an ad hoc committee of the Board and the National Council - scrutinises nominations received for various positions for appointed and elected members. This ensures that nominees are fit and proper to represent the Association across various structures.

Internal Control

During the year under review, internal auditors conducted a review of the Association's systems of internal control and risk management.

The review included financial control, human resources and information technology, and considered information and explanations from management and discussions with the external auditor (on the result of the audit which was presented to the Audit and Risk Committee).

Based on the results of the formal documented review, the Board of Directors believes that the Association's systems of internal control and risk management are effective and the internal financial controls form a sound basis for the preparation of reliable financial statements. The Board's opinion in this regard is supported by the Audit and Risk Committee. The Board of Directors probes the Association's Risk Register in order to ensure that risks which the Association has control over are properly managed and that mitigating controls are implemented. Risks that are outside of the control of the Association are monitored closely. The management of risk is undertaken by SADA management.

Meeting Attendance

The schedule below outlines the meeting attendance of the Board of Directors and Committee members for the period 1 October 2015 to 30 September 2016.

Committee	Board of Directors	Audit & Risk	Dental Practice	Operations	HR & Remunerations	Strategy, Social & Ethics
Number of meetings	13	5	4	5	12	4
Dr Y Solomons	13	3	3	3	8	1
Dr M Wertheimer	12	-	-	4	-	4
Dr S Erasmus	12	5	4	-	11	-
Dr S Shri Kissoon	10	3	-	-	11	4
Mr K Nyatumba	13	2	-	-	10	4
Dr KLN Mafanya**	6	2	-	-	-	-
Dr NJ Setshego	13	5	3	-	6	-
Dr C Brent	11	-	4	5	-	-
Dr R Vermeulen**	7	-	-	-	-	-
Dr V Rughubar*	2	-	-	-	-	-
Mrs J Ndlovu *	6	-	-	-	5	-
Ms M Smit (CEO)	10	3	3	4	6	3

* Resigned 18 March 2016

** Appointed on 18 March 2016

*** Resigned 27 August 2016

Committee Meeting Attendance

Committee	Board of Directors	Audit & Risk	Dental Practice	Operations	HR & Remunerations	Strategy, Social & Ethics
Number of meetings	13	5	4	5	12	4
Mr S Gounden *	-	3	-	-	-	-
Ms M Mosweu *	-	2	-	-	-	-
Dr F Mansoor	-	-	3	-	-	-
Dr DJ van Niekerk	-	-	4	-	-	-
Dr N Osman	-	-	-	5	-	-
Dr E Naidoo	-	-	-	5	-	-
Dr P Moipolai	-	-	-	4	-	-
Dr M Nakaziba Ouma	-	-	4	-	-	-
Mr H Moolla **	2	-	-	-	-	4

*Independent Audit & Risk Committee members

**Independent Member

Key Reports

Audit and Risk Report Members and attendance

The Audit and Risk Committee is made up of 6 (six) members - 4 (four) Non-Executive Directors and 2 (two) independent members. In line with its approved Terms of Reference, the Committee should meet at least 4 (four) times per annum.

During the year under review, 5 (five) meetings were held (attendance is reflected under Record of Meetings included in this report).

Committee responsibility

The Audit and Risk Committee assists the Board in fulfilling its fiduciary responsibility to ensure the integrity of financial reporting in terms of International Financial Reporting Standards (IFRS). It does so by evaluating the findings of the external auditors, remedial actions taken, and the adequacy and effectiveness of the system of internal financial controls required to form the basis for the preparation of reliable financial statements.

Appropriate formal terms of reference have been adopted in line with the requirements in the SADA Memorandum of Incorporation. The Audit and Risk Committee provides oversight of the financial affairs of the Association in accordance with the provisions of the Act.

The Committee has conducted its affairs in compliance with these Terms of Reference.

Evaluation of Annual Financial Statements

The Committee has:

- Reviewed and discussed the audited annual financial statements to be included in the annual report, with the appointed external auditors;
- Reviewed changes in accounting policies and practices;
- Reviewed compliance with legal and regulatory provisions; and
- Reviewed significant adjustments resulting from the audit.

The Committee has also met with the external auditors in order to ensure that there are no unresolved issues.

The Committee concurs with, and accepts the external auditors' report on the Annual Financial Statements. The Committee is of the opinion that the audited Annual Financial Statements should be accepted.

Consideration given to the appointment of external auditors

The performance of SizweNtsalubaGobodo Inc. as SADA's external auditors is evaluated annually and, if satisfactory, the Committee recommends the re-appointment of the audit firm. The Committee's assessment of the external auditors' performance and independence underpins its recommendation to the Board to propose (to members) the re-appointment of the auditors for the next financial year.

The Effectiveness of Internal Control

Significant progress has been made during the year under review with regards to monthly reporting, including integrated branch reporting.

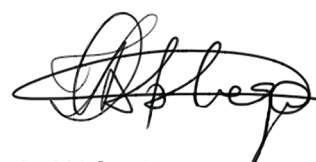
The Committee considered, and is satisfied with, the expertise and adequacy of resources of the finance function and the experience of senior members of management responsible for the Association's finance function.

Internal financial controls have also been reviewed by the internal audit team and were found to be satisfactory. Based on the assurance provided by Management, the internal auditors and external auditors, the Committee is satisfied with the effectiveness of internal control and continues to monitor improvements.

Risk Management

The Risk Register is under continuous management and review and this presents increasing value to the Board in discharging its responsibility for ensuring that the wide range of risks associated with SADA's operations are effectively managed.

Where appropriate, necessary action has been taken - or is being taken - to remedy failings or weaknesses identified as a result of the ongoing review of the Risk Register. The Register will be used as a basis for ongoing internal audits.



Dr NJ Setshego
Chairperson of the
Audit & Risk Committee

Strategy, Social and Ethics Report

Growth and Transformation

As already noted, in order to ensure the ongoing relevance and long-term sustainability of the Association, SADA needs to continue growing its membership.

Dental schools are obliged to qualify professionals who reflect the demographics of the country. Consequently, the number of previously disadvantaged graduates is increasing.

However, SADA's membership does not yet reflect the diversity brought along by the newly-qualified professionals. Plans are afoot and strategic initiatives are in place to assist with and fast-track the attraction of new members.

The main aim of the YDC is to ensure that dental students, community service dentists and younger dentists who have just started their careers are represented within SADA structures. During the next year, further effort will be made to ensure the inclusion of YDC members within Branch Committee structures. This will ensure that membership is continuously driven through branches.

It is anticipated that this initiative will encourage the participation of younger members at grassroots SADA activities. To facilitate this, changes will be proposed to the SADA Constitution and the Association Rules, which will be discussed and presented at the 2017 Annual General Meeting.

In addition, through the proposed changes in the Memorandum of Incorporation (MOI), the composition of National Council will be amended to better reflect transformation targets.

Employment Equity

SADA is committed to the principles set out in the Employment Equity Act. An Employment Equity Policy has been developed and implemented during the year under review.

The equity profile of the Association (staff and governance structures) at the end of the year under review was as follows:

Head Office:

Occupation Level	Male				Female				Total
	A	C	I	W	A	C	I	W	
Executives	0	0	0	0	0	0	0	1	1
Senior Management	0	0	1	1	1	0	1	0	4
Middle Management	0	0	0	0	0	0	0	2	2
Administrators	1	0	0	0	5	0	0	1	7
Semi-skilled	1	0	0	0	0	1	0	0	2
Total Permanent	2	0	1	1	6	1	1	4	16
Temporary Staff	0	0	0	0	0	0	0	0	0
Part-Time Staff	0	0	0	3	0	0	0	0	3
Total	0	0	0	3	0	0	0	0	19

*No people with disabilities were recorded

Governance Structures:

Governance Level	Male				Female				Total
	A	C	I	W	A	C	I	W	
National Council	2	0	4	16	3	3	0	2	30
Board of Directors	2	0	1	3	1	1	0	1	9

*No people with disabilities were recorded



Environmental Impact

Direct Impact

SADA's operations are mainly of an administrative nature and, as such, its environmental impact is mostly in its use of paper and its overall carbon footprint. In order to reduce the usage of paper for Board and Committee agenda packs, the Board has resolved that all meeting packs will only be distributed electronically.

In addition, SADA participates in a paper recycling system and continuously reviews options for electronic distribution of information to members, as opposed to printed copies. The SADJ is also now published online and on the SADA website, with only a limited number of hard copies available (particularly to SADA members). Committee meetings are increasingly taking place in the form of teleconferences and, during the next financial year, additional technology will be

explored to save on costs and reduce the Association's carbon footprint.

Indirect Impact

SADA, as a professional association, has a responsibility to create awareness of environmental issues amongst its members.

One of the most critical environmental issues facing the dental industry is the use and responsible disposal of amalgam. In terms of the Minamata Convention, consensus was reached on a phased-down approach to dental amalgam, as opposed to a total ban thereof.

In addition, certain standards will be imposed in terms of the management of dental amalgam waste.

This is an opportunity for the profession to demonstrate its commitment to public

health and the environment, by advocating a new approach to oral health services, promoting research into new dental materials and reducing the need for restorative dental care through prevention.

SADA is cooperating with Groundwork, an overseas-based independent non-profit environmental justice service consulting in South Africa. Groundwork consulted with SADA and the Department of Health to understand the use of alternative dental restorative materials instead of amalgam in South Africa.

This was with the aim of assisting South Africa comply with the Minamata Convention obligations. SADA has also prepared a position statement on the management and disposal of amalgam and is currently in the process of testing a pilot project addressing separation and disposal.

Ethics Performance

As a professional association, SADA takes on the responsibility to influence ethical behaviour within the industry, beyond that of staff and office bearers.

Direct Impact

Guided by the King III Code of Corporate Governance, SADA is committed to promoting a culture of ethical behaviour in the Association and the profession as a whole. A visible culture of ethics is particularly important within SADA therefore, such ethics should be reflected in the values of the profession.

The successful implementation of our business plan relies on all staff members and office bearers executing their respective roles in the Association with attention to detail relating to ethical conduct.

The actions of staff members and office bearers are measured against the provisions of the SADA Code of Conduct. This is with the expectation that all conflicts of interest and corporate gifts are disclosed. A declaration of interest is also carried out at every Board and Committee meeting.

During the year under review, there were no substantive areas of non-compliance with legislation, regulation or the Code of Conduct.

Indirect Impact

In SADA's ongoing engagements with medical schemes and regulators, the

Association is sometimes confronted with instances of medical aid fraud. While it is not SADA's mandate to engage actively in the identification and eradication of medical aid fraud, it is our stated position that fraudulent actions by members cannot be condoned, and will not be defended.

SADA endorses human rights as outlined in the Constitution of the Republic of South Africa, including the right to freedom of association and compliance with points related to children's rights and forced

“ SCIENCE BRINGS SOCIETY TO THE NEXT LEVEL; ETHICS KEEPS US THERE”

- Dr. Hal Simeroth

labour. The Board has adopted a Human Rights Policy with the aim of sensitising members to issues such as the imports of materials which could be produced under circumstances that are not in line with the South African Constitution.

Corporate Social Responsibility (CSI)

Annually, SADA and its members contribute to social awareness through involvement in various initiatives on World Oral Health Day (20 March) and during National Oral Health Month (September). We have further initiated oral health education through Clicks with radio and television broadcasts.

The SADA Benevolent Fund continues to assist members who have fallen on hard times

and, during the past year, monthly assistance was provided to 9 (nine) beneficiaries.

The Smile Foundation

SADA and The Smile Foundation have worked in partnership on various initiatives for approximately 6 (six) years.

SADA dentists have been generous with their time and their resources, offering their services to The Smile Foundation to assist in its quest to treat numerous children after cleft lip and palate surgical interventions.

This is a testimony to the values held by SADA and its members.

SADA has also been The Smile Foundation's headline sponsor for the 94.7 Cycle Challenge and has been proactive in having dentists from across the

country join the team every year.

The most recent collaboration between the two associations is having SADA dentists pledge to support the Smile Foundation by selling the foundation's "Foundation's Relate" bracelets which stand for change. Already a number of SADA members have made a significant contribution in this regard already.



Dr Mark Wertheimer
Chairperson

Strategy, Social and Ethics Committee

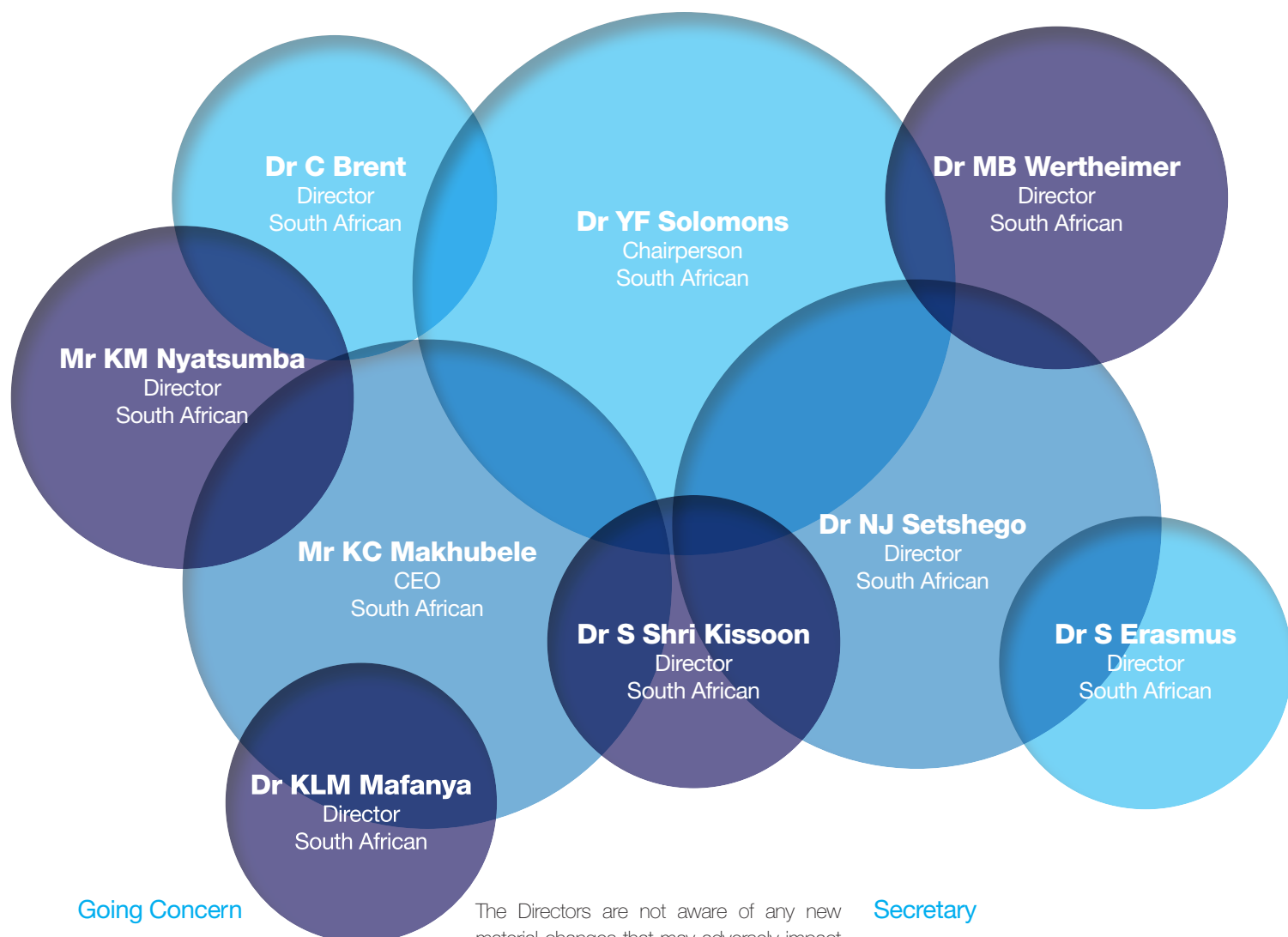
Directors' Report

SADA's Directors have the pleasure of submitting this report on the Annual Financial Statements of the Association for the year under review, ending 30 September 2016.

Review of Activities

Main business and operations:

The company is a professional membership association, providing advocacy and educational services to members and operates primarily in South Africa. The Association's operating results and state of affairs are fully set out in the attached Annual Financial Statements and do not, in our opinion, require any further comment.



Going Concern

The Directors believe that the company has adequate financial resources to continue operations for the foreseeable future. Therefore, the Annual Financial Statements have been prepared on a going-concern basis.

The Directors are satisfied that the Association is in a sound financial position and that it has access to sufficient borrowing facilities in order to meet foreseeable cash requirements.

The Directors are not aware of any new material changes that may adversely impact the Association.

The Directors are not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Association.

Auditors

SizweNtsalubaGobodo Inc. continued in office as auditors for the organisation (or SADA's auditors) for 2016.

Secretary

The company had no registered secretary during the year under review.

Liquidity and Solvency

The Directors have performed the liquidity and solvency tests required by the Companies Act 71 of 2008.

HUMAN RESOURCES REMUNERATION REPORT

The role of the Human Resources and Remuneration Committee is to assist the Board in ensuring that Association Executives and employees are remunerated fairly and responsibly. SADA is committed to creating a workplace that attracts, motivates and retains competent, talented and forward-thinking individuals.

As such, SADA seeks to remunerate Board Directors and staff members in a manner that supports the achievement of the organisation's mission, vision and strategic objectives. The Association's remuneration policy is driven by the principles of developing a performance culture.

In addition to a Directors fee, Non-Executive Directors are entitled to travelling and other expenses incurred in carrying out the business of SADA and attending Board and committee meetings.

Total remuneration to Directors during Financial Year 2015/16 amounted to R2,249, 594 (2014/15: R2,073,895) increase when compared to the prior year. This was due to the increased number of board meetings and the approved 7% fee. The Human Resources and Remuneration Committee's responsibilities concerning compensation are to review the terms of employment and compensation of all staff members, including that of the Executive Director.

The remuneration of Non-Executive Directors and other office bearers is approved at a general meeting of members.

Non-Executive Directors receive a fee for their contribution to the Board and the Committees of which they are members, as well as a year-end retainer (dependent on their meeting attendance). During the year under review, the Committee looked into the performance review of the CEO. The Committee, assisted by an executive search agency, considered applications and shortlisted candidates for interviews, which resulted in the selection of Mr KC Makhubele as the preferred candidate.



RISK & OPPORTUNITIES

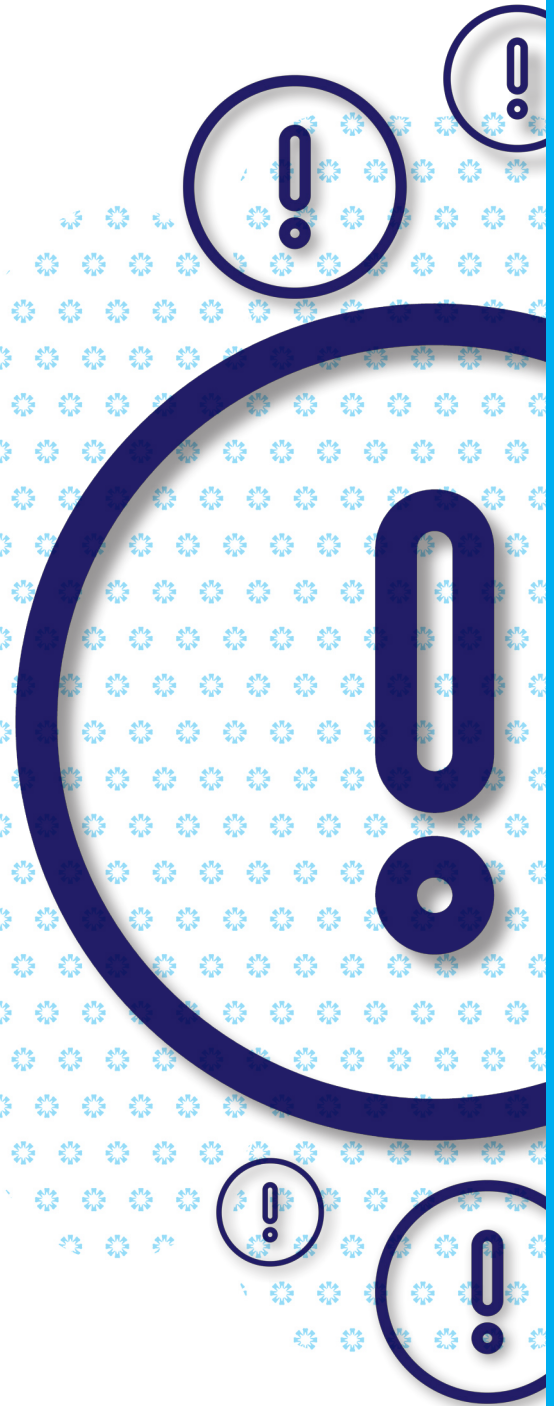
Risk management is an integral part of business and, in the course of conducting its business; SADA is exposed to a variety of risks.

We report that there is a mature risk identification and monitoring process in place. Identified risks are evaluated and monitored regularly by the Board as well as the Audit & Risk Committee.

Both the Board and the Audit & Risk Committee oversee the mitigation controls of each of the identified risks in order to uncover the impact of the risk on the Association. It is reassuring that the Board of Directors and Executive Management have a wealth of knowledge and experience in the industry. The Board of Directors also monitors the Risk Register regularly to ensure that strategic risks are addressed in the formulation of the Association's strategy. Risk monitoring and control procedures are updated on an ongoing basis, with management being responsible for the continuous review and management of operational risks. Emerging risks are identified and brought forward by management and various Board Committees. Risk exposures are determined by assigning a likelihood and impact to a given event. For each event, the probability of occurrence and the related consequence of occurrence are estimated. Likelihood and impact are then combined to determine the level of risk exposure.

SADA Risk Register

The Board assisted by the Audit and Risk Committee oversees the present risks as well as identify new and emerging risks that face the Association. The Risk categories, risk appetite, controls as well as proposed actions and timing are all contained in a Risk Register. Management is responsible for identifying and mitigating risks.



STRATEGIC CONTEXT

The Association's long-term strategy is to grow its membership in terms of young dental students and graduates. Increasing membership in this way will ensure the Association's continued viability.

SADA's ongoing efforts to decrease member turnover include a robust member retention project (allocating staff resources), the provision of highly-efficient service to members, and an appropriate membership benefit design. This drive was introduced in 2016 and has since largely stabilised membership. Management continuously looks for meaningful and relevant ways to meet the needs of members and minimise member loss. SADA constantly creates value for its members through advocacy in the interests of oral health care in South Africa and by working closely with stakeholders. It is important to note that public confidence in private-sector health provision has decreased in recent years as a result of unfavourable perceptions of the profession by certain influential stakeholder groups.

This is further complicated by the fact that the oral healthcare sector is especially marginalised as a result of limited focus on dealing with issues such as:

- The relatively small size of dental profession compared with the medical profession;
- Fragmented regulation in terms of professions within the dental sector; and
- The fact that poor oral health is perceived not to be life threatening.

As oral health attracts limited attention and funding, combined with the challenging state of the economy, there is currently a widespread atmosphere of despondency in the dental profession. Private-sector dentists have publicly expressed their concerns about maintaining

Strategic Response

During the year under review, SADA commenced with its General Practitioner Survey. The aim in this regard was to build a greater understanding of the level of influence of managed care in our membership.

Survey findings noted that, although the rates are unrealistic and did not cover the costs of services, they did provide some cash flow to their practices. SADA looked into the ever-decreasing funding available to dentistry through one of the major sources of funding, namely medical schemes. A business strategy was developed to bring alternative financial products to the market in order to cater better for the dental requirements of the population. The implementation of this strategy will form a major component of the work to be done during the year, which will include making a comprehensive written submission to the SARS Tax Exemption Unit to allow a business model within our non-profit company framework. This was complicated by the draft "demarcation regulation" as issued by the National Treasury under long-term and short-term Insurance Acts that seeks to differentiate between "medical scheme products" and "health insurance". This limits the scope of hospital plans and seeks to outlaw primary healthcare policies which, amongst others, provide for benefits for dentistry.

successful private dental practices or employment in the present economy, especially within the current context of the healthcare industry in South Africa. There is a common thread that runs through all proposed changes and new regulations. This is a clear objective to reduce the cost of dentistry either indirectly - through expanding the scope of practice of less expensive resources - or by regulating tariffs to the point where the private sector may become unsustainable. This is further evidenced by the White Paper on National Health Insurance (NHI) which makes little or no provision for dentistry.

The most notable delivery areas, or strategic interventions, needed in the system to deliver oral health sustainably are:

- Awareness, relevance and empowerment;
- Funding and access (positioning, oral health included in NHI, R&D, lobbying, developing new business models for oral health delivery, value-based care, etc.); and
- Training, quality enablement and capacity building (engagement, SADA Institute, technology applications).

In recent years, SADA has made significant progress in positioning itself as relevant. Large-scale factionalism in the membership of the Association has been addressed and structures for governance and execution have been streamlined for increased responsiveness. SADA has undoubtedly earned respect in the oral health industry, taking its rightful place as a constructive contributor to oral health care. As a profession, we are operating in a difficult environment. In order for the oral health sector to emerge as a valuable partner in the quest for universal care, SADA will place greater focus on models to reposition and re-engineer the dental industry appropriately in the South African socio-economic context.

The two key initiatives, SADFIn and IDESA initiated in 2015, were continued in 2016, with numerous regulatory and registration requirements to provide educational business and financial brokering services to members. Moving forward, the health and regulatory environments are expected to increase in complexity. Commensurate with this, the work required to remain responsive to these developments in the next 3-5 years, will require ever increasing financial resources that can only be raised through membership fees.

The competition authorities are also examining the private healthcare industry through the inquiry and provisions of the Competition Act. This hampers the profession's ability to discuss professional issues like coding, descriptors, conditions of service and professional standards. During the last few months of the year under review, SADA began its investigation into the development of the Relative Value Units (RVU) for the revised dental procedures listed in the SADA Coding Book. It is essential for the profession and its members to have this information at hand in order to determine the value of their own services to their patients. This process will commence in 2017, in collaboration with all specialist groups. Therefore, we call on members to avail themselves to complete the surveys required to compile data and determine the RVU.

Key Resources

During the year under review, the revised business model was implemented and is delivering as expected. The organogram reflects 19 positions, with 18 positions currently filled.

Succession planning remains a key consideration for the Board of Directors in order to ensure that the Association is sustainable with regards to knowledge and skills transfer and the ongoing successful delivery of key services. Driving a culture of excellence and developing and rewarding employees who are committed to serving our members are the primary focus areas of our human resources processes.

We believe that our employees and our values are our biggest assets, hence we strive to foster a positive, safe, fair and conducive working environment.

While we expect employees to be fully skilled in their respective portfolios, a basic measure of training and development is conducted in order to prepare staff members for extensions in terms of their roles within the organisation. SADA is a legally compliant employer which has not experienced any industrial action during the year under review. During 2016, the management of SADA payroll was insourced and this process is now running smoothly.

The below diagram depicts the organogram for the year ending 2016:



Key Stakeholders

In addition to SADA's internal stakeholders (employees and governance structures), SADA's external stakeholders are a vital element in the Association's strategic planning process and ongoing engagement in the dento-political environment.

The process in terms of engaging with various stakeholders always begins with identifying the key messages which SADA needs to convey. Decisions are then taken regarding the communication channel best suited to each stakeholder.

SADA's External Stakeholders have been identified as:

Members

Registered and practising dentists are SADA's primary target market as they form a large percentage of the customer base for SADA's product and service offerings. Members also include students and academics in the dentistry sector.

Members are kept informed through the South African Dental Journal (SADJ), an electronic scientific journal, as well as through the website, electronic messages and social media platforms like Facebook and Twitter. SADA's CEO and senior management engage directly with members through branch visits and SADA events. Potential members are identified and connected with at university level through class lectures, annual student functions and brochures outlining the benefits of membership.

Public and Media

Members of the public, who utilise dental services, are a key target group for SADA. We have recognised, that it is important for the general public to have a good understanding of the value of good oral health in relation to overall health and productivity. This understanding aids in breaking down the resistance some individuals may have in frequenting dental practices.

The media are in perfect position to educate the general public about the advantages of oral health practices and SADA's role. It is, therefore, a priority for the Association to focus on ongoing publicity campaigns and to respond to the media whenever there are issues affecting the industry.

In addition, SADA manages an annual public awareness campaign which coincides with World Oral Health Day in March. This contributes to an awareness campaign in September and focuses much-needed attention on healthy living through the Stoptober campaign.

promoted and protected. SADA is often invited to comment on legislation, regulation, standards and the creation of guidelines relating to the dental industry.

Third-Party Funders

Dentistry in South Africa is primarily funded through Medical Scheme benefits. SADA is, therefore, in regular contact with the various schemes and administrators to advocate for better dental benefits, to introduce new codes and to address specific concerns raised by members.

International Liaison

SADA has a seat on the World Dental Association (FDI), which enables it to provide - and receive - feedback to (and from) the global body. As from 2016, SADA is also a member of the African Regional Organisation (ARO) of the FDI. In addition, the SADA CEO collaborates with other institutions around the globe to discuss and share ideas on best practice and to brainstorm solutions relating to common challenges.

Related Institutes

SADA collaborates extensively with other professional associations such as the South African Medical Association (SAMA), the South African Private Practitioners' Forum (SAPPF) and the Hospital Association of South Africa (HASA) to seek out opportunities and partnerships which benefit its members.

Sponsors

SADA receives continued support from industry partners through the sponsorship of events and conferences.

Sponsorship partners have contributed significantly towards the success of SADA events, while also using these events as an opportunity to make inroads within the dental community. SADA strives to build lasting partnerships with organisations that will directly - or indirectly - benefit members, providing for value-for-money sponsorships and exhibition opportunities.

**“IF EVERYONE
IS MOVING
FORWARD
TOGETHER,
THEN SUCCESS
TAKES CARE
OF ITSELF.”**

-Henry Ford

Educational Institutions

As a key source of new entrants into the profession, tertiary education institutions are a key stakeholder for SADA. The Association engages with dental schools on an ongoing basis and through written representations to the Committee of Dental Deans.

Government and Regulators

SADA engages with all relevant Government bodies and Regulators (the Health Professions Council of South Africa, the Council for Medical Schemes, etc.) to ensure that the interests of the dental profession and SADA members are

PERFORMANCE

Operational Performance Membership

SADA membership has shown a slight increase of 1% during the year under review. It is clear that current economic difficulties are placing considerable strain on practitioners to maintain their membership contributions.

This is despite the fact that the Association, for the first time in 2016, introduced various membership options.

When comparing membership numbers over the past three years, it has become evident that membership has reached a plateau. It is estimated that 75% of all practising dentists in South Africa are SADA members. Compared to other similar professional associations,

this is a relatively good representation of the profession. However, this presents a very limited window of opportunity for growth.

The SADA membership year runs from January to December each year and, at the end of the financial year (September 2016), membership per branch was as follows:

Branch	2014	2015	2016
Algoa-Midlands	116	116	124
Border-Kei	67	70	65
Free State	103	104	102
Gauteng South	775	805	815
KwaZulu- Natal	469	476	454
Limpopo	56	57	52
Mpumalanga	123	124	121
Northern Cape	47	49	80
North West	80	76	47
Pretoria	430	445	451
Western Cape	693	722	733
Sub Total	2959	3044	3044
Affiliates	341	118	89
Total	3300	3162	3134

Dental Practice

SADA's Dental Practice Division is responsible for managing the expectations and requirements of members in both the public and private sector. The Division represented members in private practice by engaging with third-party funders in relation to provider disputes, account escalations,

pre-authorisation procedures, motivations to accept and / or provide benefits for new procedure codes, and to constantly champion the cause of private practitioners in motivating for richer benefits for dental procedures. As the custodian of South Africa's dental procedure codes, SADA's Dental Practice Division is also responsible for managing the dental coding process in

The debit order payment system, introduced in 2014, was expanded during the year under review and an increasing number of members are opting for this method when making their annual fee payments.

In support of our membership growth and retention strategy, our focus during this period has been centred on redefining our membership value proposition. This is in order to provide members with more choice in respect of the value provided through their SADA membership.

In addition, we continue to build our strategic relationships with academic institutions as channel partners in promoting SADA membership to graduates and academics. We have also dedicated resources to recruit new, younger practitioners and retain those members who have chosen not to renew their membership. These strategies are focussed on delivering sustained membership over the medium- to long-term future. Further improvements have also been made to the stability of the SADA database during the past year. Reporting based on the various modular service propositions has been implemented.

Programmes

In line with our strategy, SADA utilised its funds during the year under review towards the following programmes:

terms of the introduction of new procedures and providing clear, unambiguous guidelines for the reporting of codes to ensure ethical billing practices.

In addition, this department is responsible for engagement with various regulators, advising members on compliance matters impacting both the private and public practices.

Clinical Advisory Service

In the period under review, SADA attended to members who opted to take up "Advisory Services" as an additional top-up package for the first time.

The majority of members who subscribed to this service increased the number of email and telephone enquiries.

Member queries were addressed - regarding clinical codes as well as diagnostic (ICD 10) codes were addressed - and members were advised in terms of guidelines for the appropriate use of codes. A wide range of issues between service providers and medical schemes were also addressed and members were given advice as well as guidelines on network contracts including legal and clinical obligations imposed by these contracts where prescribed

D-Calc™

D-Calc™ is a practice management tool which allows members to better understand practice overhead cost dynamics and determine practice-specific pricing schedules that will ensure that members are able to meet their overhead costs and earn their expected return on investments.

The introduction of D-Calc™ during the previous financial year has resulted in a slow but steady uptake of the tool by members. The Dental Practice Division has assisted numerous members in the use of this tool in the determination of fees.

Procedure Coding

In the year under review, the Dental Practice Division published the "SADA Dental Codes 2016" online and in hard copy form which was delivered - at no cost - to all members with the "Advisory Services" top-up package.

Throughout the year, SADA has consistently lobbied for the acceptance and provision of dental benefits for the new procedure codes contained in the new Dental Codes with individual medical schemes and administrators.

SADA has also managed to persuade some schemes and managed-care companies to accept some new and revised procedures - with many other schemes only willing to consider these if they are supported by a Relative Value Units study.

Medical Scheme Engagement

SADA has undertaken a continuous review of medical schemes and managed care organisations' clinical rules and protocols over the past year. We have identified shortcomings that limit the ability of the practitioner to provide quality dental care. Where necessary, SADA engaged with schemes and submitted proposals to improve protocols in the best interests of patients. Submissions were made by SADA for the dental benefits for 2016.

SADA continues to advocate for schemes to accept balanced billing in order to afford members the opportunity to charge reasonable fees for services rendered.

Relative Value Unit (RVU) Study

RVUs are a reflection of the complexity of dental procedures in comparison to a pre-determined baseline procedure - in terms of the time taken to complete a procedure, the experience, judgement and skill required to perform a procedure as well as the risk involved.

During the period under review, the Dental Practice Department conducted extensive research on the RVU process and identified consultants to provide SADA with proposals on methodology for the determination of RVUs for each dental procedure code.

It is envisaged that the Dental Practice Division's time and energy during the upcoming year (2017) will be devoted to completing this study. SADA is optimistic that, with RVU data, the Association will be better positioned to motivate for the provision of dental benefits for these procedures.



Legal and Corporate Services

The SADA Legal and Corporate Services Department is responsible for ensuring that SADA, its branches and its members comply with proper corporate governance principles. This Division also informs members about statutes and regulations affecting the profession.

Legal advisory service

Throughout the year under review, members were assisted with advice (written and telephonic), assistance and specimen documentation in relation to legal issues faced by their practices. A monthly legal bulletin has also been published electronically to provide updates to members on all relevant statutory developments.

Dental Assistants Compulsory Registration

The Professional Board for Dental Therapy and Oral Hygiene published draft regulations in the Government Gazette. These regulations make provision for a limited period to allow unregistered dental assistants to register and write the Board exams within two years of such registration.

SADA is still awaiting the publication of final regulations and has made written submissions on the draft regulations. Members will be informed when final amendments to the regulations are published so that dental assistants can register within the period outlined in the regulations and write the Board Examinations.

In the meantime, dental assistants can access the HPCSA website for examination guidelines for preparation.

Scope of Practice for Dental Therapists

Although SADA has successfully set the regulations defining the dental therapy scope, it would appear that the Board within the Department of Health has published a draft scope which contains some procedures challenged by SADA.

The final scope was published after the end date of the year under review.

Advocacy

SADA's advocacy programme spans across the various departments of legal, clinical and educational services. It is aimed at keeping oral health and issues affecting dentistry high on the general health care agenda.

Competition Commission Inquiry into Healthcare

The Competition Commission inquiry into private healthcare is continuing and, in view of the complexity of the inquiry and data to be assessed and collated, there is every chance that the timeline will be extended to the end of 2017.

White Paper on National Health Insurance (NHI)

The White Paper on the implementation of the National Health Insurance (NHI) was published on 10 December 2015 for public comment. The paper outlines the broad principles for the NHI, but does not provide specific details on how the NHI will be funded. SADA provided its written input and expressed its concern that, in a document of more than 90 pages, little - or no - provision was made for dentists and dental specialists in the provision of "oral health care services" at every level of care in the NHI, as part of the envisaged comprehensive package, and in different designated hospitals.

The SADA Board and management remain cognisant of the potential impact of the NHI on our members.

Non-Surgical Cosmetic Procedures and Dental Practitioners

SADA requested the Medical and Dental Professions Board of the HPCSA to expand the present scope for dentists to include administration of Botox and fillers in the facial area, and not to limit this to the oral and peri-oral area.

The Board has not provided its ruling in this regard and meetings are being requested with the Executive Committee of the Board.

Review of Ethical Rule on Split and Balance Billing

SADA has made submissions to the Board to review its ethical rule on split and balanced billing. The Board has not yet provided its ruling in this regard and meetings are being requested with the Executive Committee of the Board.

Review of the Ethical Rule on Advance Payment of Fees

SADA has made submissions to the Board to review its ethical rule on allowing practitioners to claim fees in advance of clinical treatment and not only for technicians' accounts. The Board has not provided its ruling in this regard and meetings are being requested with the Executive Committee of the Board.

The South African Dental Technicians Council (SADTC)

The SADTC has been busy with overhauling the Dental Technicians Act and is contemplating the introduction of a new category known as a Clinical Dental Technologist (Denturist) in South Africa. The draft Bill was published at the end of 2016 for comment.

Scope of Practice for Dental Specialists

SADA made written submissions to the Sub-committee for Postgraduate Education and Training (Dental) (PETD) of the HPCSA which was investigating and considering formulation of scope of practice for dental specialists. A similar request was made to the various dental specialists' societies. Unfortunately, SADA was unable to collate and submit a consolidated document to the sub-committee.

Scope of Practice for Oral Hygienists

The Professional Board governing oral hygienists issued a media statement on oral hygienists carrying out teeth whitening procedures.

It noted that only oral hygienists with appropriate training, education and experience (which must be obtained from a PBDOH-accredited training institution) may carry out teeth-whitening procedures. Oral hygienists who did not receive training and education in teeth whitening as part of their undergraduate training or as part of their Expanded Functions course were not to perform teeth-whitening procedures.

The PBDOH encourages that all oral hygienists (who have not been appropriately trained and educated at a PBDOH-accredited training institution in the expanded functions that are allowed in

terms of the increased scope of functions as contained in the 2001 and the 2013 scopes) should urgently undertake an expanded functions course in order to perform these procedures. The PBDOH has also requested training institutions to offer courses in these expanded functions.

Currently, there appears to be one institution that offers an expanded functions course to oral hygienists.

National Policy on Commuted Overtime (COT) for Medical Officers

The National Department of Health issued a draft national document on commuted overtime which was subsequently signed by the Minister of Health.

Different provincial authorities, such as Gauteng Province, have implemented the policy, applying to dentists employed in

permanent and temporary capacity, with some extending commuted overtime to dentists.

Others, like Mpumalanga, are seeking to exclude commuted overtime for dentists who are required to be available at facilities where they are employed for the benefit of patients.

“SUSTAINING HIGH PERFORMANCE IS A PRODUCT OF CONTINUOUS STRATEGIC ALIGNMENT”

Education

The Education Department manages SADA's CPD programme through various platforms, including the SADA National Congress, Branch events and the SADJ. Branch events are hosted by branch committees, with appropriate support by Head Office staff as and when required. The Educational Department manages liaison with stakeholders within the dental industry such as educational academic institutions, the Department of Health, dental traders, private companies and the HPCSA. This is to ensure and sustain SADA's ongoing relationship with these stakeholders and to ensure that the educational information provided to our members is current and relevant. It is also to maintain SADA's status as an accreditor and HPSCA-accredited service provider.

The Institute of Dental Education South Africa (IDESA)

IDESA is an institute that SADA is in the process of registering with the Department of Higher Education and Training and other relevant higher education quality assurance authorities.

IDESA is a platform which offers courses such as Practice Management to SADA members and other health professionals. It also provides a dental assistants course which is in high demand but for which there is currently low supply in the market as it stands.

The qualification previously submitted with the application for registration of IDESA with SAQA, CHE & DHET has since expired. As a result, SADA was tasked with drawing up a new qualification. A workshop, with experts from the industry, was conducted at the SADA Head Office

to design this qualification suitable for health professionals.

The revised document was thereafter submitted to the consultant for re-submission with appropriate higher education authorities. Some of the outstanding documents have been pending - awaiting the Association's financial year-end.

Congress

SADA's National Congress is the Association's flagship annual event. It is the one event where all the dental stakeholders within our diverse industry are brought together under one roof. It is also an opportunity to provide a service that appeals to a broad spectrum of individuals within our diverse membership base.

The congress is both a learning event and a networking opportunity for members.

In the period under review, SADA managed the exhibition at IFED Congress and held the SADA National Congress in 2016. Feedback from members on the scientific programme was very positive, with many members reporting difficulty in deciding which lectures to attend.

Based on member feedback we have scheduled the next SADA National Congress to take place in Cape Town on 4-6 August 2017.

World Oral Health Day (WOHD)

World Oral Health Day took place on 20 March 2016.

SADA embarked on an oral health campaign during the month of March - culminating on 20 March 2016 with awareness and promotion. SADA members were also involved in various outreach programmes.

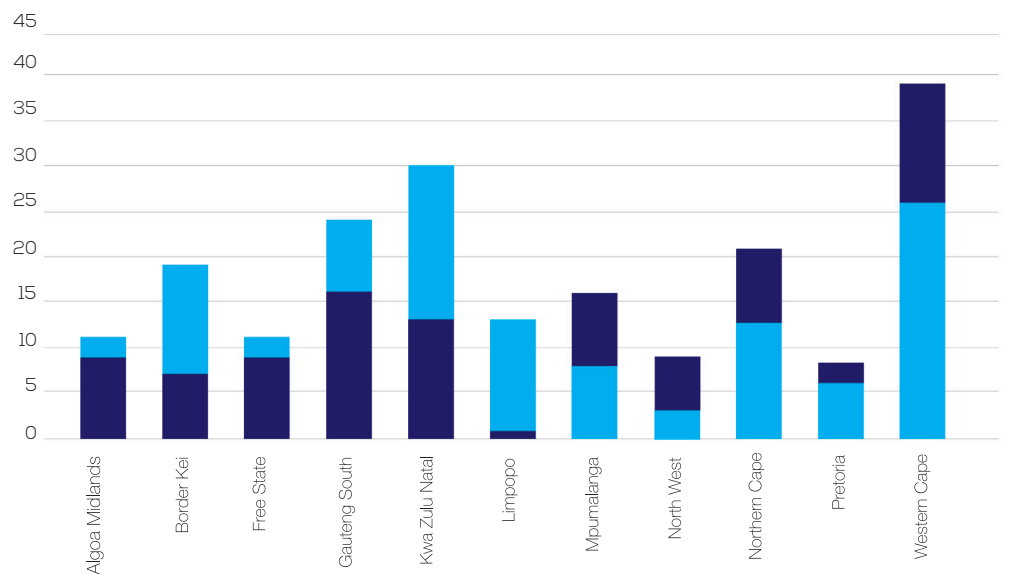
The Association celebrated WOHD in collaboration with Clicks, promoted on radio and various social media platforms. SADA also attended the brush day and night event which was hosted in Soweto by Pepsodent.

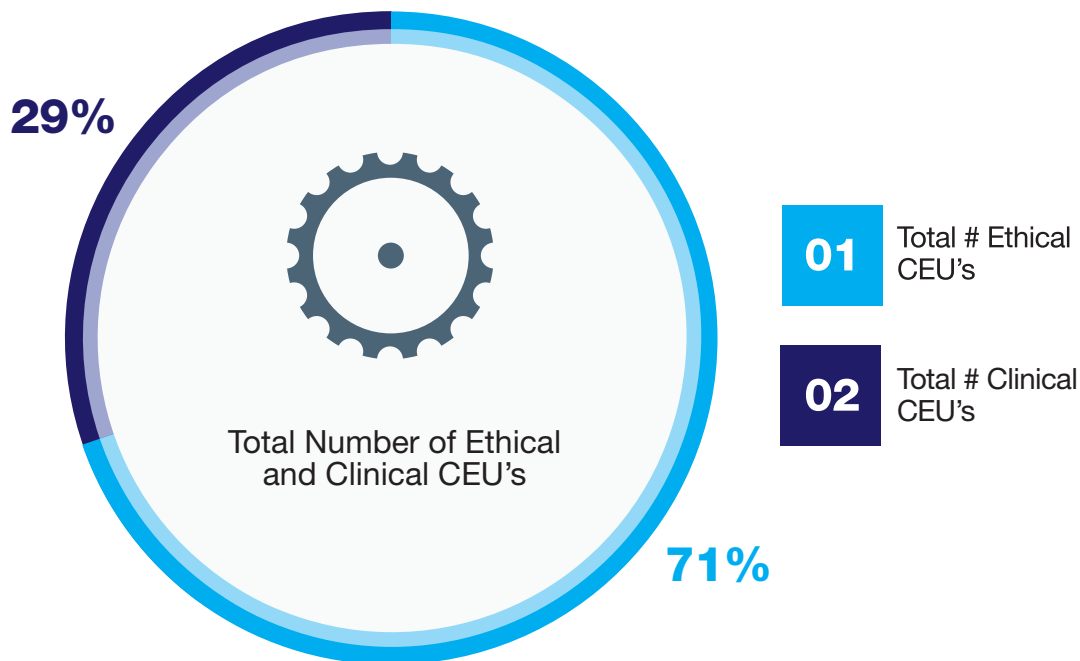
Branch Events

SADA, through its 11 branches, has successfully organised several CPD events for the year under review (shown in table below). This has enabled members to earn the required clinical and ethical CPD points.

In addition, members were also provided with education on practice management, financials, and information on SADA projects. Some specialists and special interest groups arranged CPD events at the SADA Head Office.

Branch	Total # Events	Total # Clinical CEU's	Total # Ethical CEU's
Algoa-Midlands	4	10	4
Border-Kei	6	15	11
Free State	4	9	5
Gauteng South	4	11	5
KwaZulu- Natal	9	25	6
Limpopo	4	9	4
Mpumalanga	3	12	4
Northern Cape	2	11	2
North West	2	2	2
Pretoria	5	7	4
Western Cape	5	33	13





South African Dental Journal

The SADJ has remained the flagship, accredited scientific dental Journal in South Africa under the leadership of Professor William "Bill" Evans.

The SADJ provides a platform for SADA members to grow their CVs or portfolios through publications and reviews. The majority of members read the SADJ online and complete the CPD questionnaires.

Hard copies of the journal are also made available to members on request.

Public Education and Marketing SADA Brand

The standing of any organisation is dependent on its brand and, as the most recognised and representative organisation in the dental profession, the SADA brand is one that directly reflects the profession.

As such, public recognition of the brand has an impact on the preference of the public in choosing dental service providers as well as on the ongoing promotion of the SADA brand as a priority initiative.

The SADA brand is promoted through certificates and artefacts provided to members, online communication platforms, releases to the media, vehicle branding, and office signage, as well as through the product endorsement programme.

During the year under review, the SADA endorsement programme has had limited opportunity for exposure. Some contracts were reviewed and renewed, where relevant, and discussions are under way with potential new endorsement partners.

Publicity

Press releases, dealing with various topics pertinent to the profession, were issued throughout the year under review. SADA has also been successful with its

responses to articles in the media where dentistry and the practice environment may have been misrepresented.

Significant media publicity has been achieved in respect of developments on the Certificate of Need, the change of scope of practice for Dental Therapists, and the registration of Dental Assistants.

During the year, SADA contracted a communications company to assist with the management of its media strategy and social media platforms. The first online campaign ("Stoptober") was hosted in October 2015.

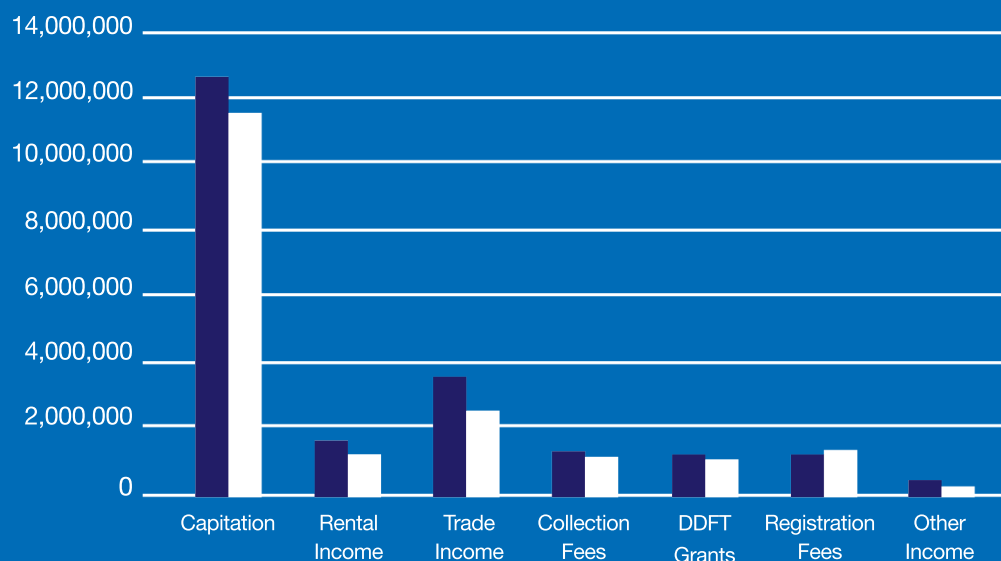
The campaign indicated some engagement by the public with the content produced by SADA and, on analysing the results of the campaign, it became evident that online campaigns will increasingly need to form the basis of SADA's public engagement strategy.

FINANCIAL PERFORMANCE

Income and Expenditure

Financially, SADA has performed well in the year under review, with a total surplus of R950,856 (2015: R536,587) being realised against a budgeted surplus of R38,766. Operating revenue is below that of the previous financial year, coming in at R19,390,577 (2015: R19,966,926). This is due to the once-off additional IFED congress income in 2015.

The breakdown in revenue contribution is reflected in the graph below:



Investment revenue has increased significantly to R1,118,924 (2015: R757,876) due to higher interest rates and better cash flow management. SADA's operating expenditure of R22,545,200 reflects a 13.2% increase when compared to the prior year (2015: R19,911,377).

Some of the significant expense items to note, include the following:

1. Legal expenses which have increased by 75% to R1,348,199 for the year under review (2015: R768 898). The major reason for this increase was the fact that the HPCSA cost order - in respect of the Dental Assistants' registration case - was expensed in the current financial year, which was anticipated.
2. Consulting fees have dropped by 26% to R580,946 (2015: R783,752), largely due to the fact that the final report (in respect of the KPMG strategy) took place in the prior year.
3. Increased costs were incurred to distribute a new coding book this year, which included courier and postage cost increases of 120% to R171,288 (2015: R77,439) and publication & printing cost increases of 43% to R437,594 (2015: R305,137).
4. Employee costs increased by 8% to R9,274,721 in the financial year under review (2015: R8,613,205). 3% of this increase was due to increased recruitment costs. Salary costs are managed prudently, with only a 5% increase. Employment costs represent 41% of Operating Income (2015: 44%).
5. In respect of governance costs (Board and National Council), there was an overall 5% increase. Directors' fees and honoraria costs increased by 14% to R1,157,790 (2015: R1,012,527), while local travel costs decreased by 25% to R663,785 (2015: R894,785). This is due to the second National Council meeting planned for September 2016 which was moved to October 2016.
6. Venue costs increased significantly - by 79% - to R2,309,413 (2015: R1,289,021) - mainly due to the high congress venue costs in the current year compared to the previous year.

Balance Sheet

The 2016 balance sheet remains strong, with no debt. The Association is still in a positive cash position. Total asset value stands at R33.3 million (2015: R33.4 million), which represents a 0.44% decrease. This is due to the cash received in advance for the IFED congress in 2015 being compared to 2016 when there was no IFED congress. Trade receivables increased by 18% to R4,212,615 (2015: R3,566 080) due to the increased amount of receivable from the traders and the significant VAT refund due from SARS in 2016. The current ratio is very positive, showing that the association can cover its short-term liabilities 4.81 times with its current assets (2015: 3.96).

FUTURE OUTLOOK

SADA's future sustainability is focused on the creation and protection of value for all stakeholders through effectively managing financial and non-financial factors which impact the Association's success. The goal of the Board is to sustain the Association's business model by growing its membership, attracting younger members and providing appropriate benefits and excellent service to members.

SADA will continue to take appropriate action by offering members different membership options, negotiating with funders and managed-care companies, providing education opportunities and training, and advocating for issues affecting the members.

SADA membership options are structured appropriately, with the major objective being to provide membership categories best suited to various types of members. Growth in membership is achieved by providing outstanding service and different benefits appropriate to the Association's various target markets.

The Association constantly strives to improve on its service delivery to its members and implements sound marketing, communication and brand management. A notable component of sustainability for SADA is ensuring that the Association's administration is effective and performs in line with strict service level arrangements. Service levels are monitored quarterly by the Board, in conjunction with the SADA CEO.

While there is a number of challenges currently facing the Association - which could pose a threat to its future sustainability, - the most important challenge is to ensure that younger members are attracted to the Association in order to reduce the average age of its membership.

To achieve this, SADA implemented the Young Dentists Council (YDC) which is for practitioners under the age of 35 years. The YDC embraces practitioners in both the private and public sectors as well as

students and community service dentists with a platform to discuss professional matters affecting young practitioners.

SADA also implemented an aggressive growth strategy within its target market by having a dedicated person recruiting new members and practitioners who allowed their membership to lapse. This strategy is being amplified in 2016/17 to achieve accelerated growth with the aim of lowering the age profile of SADA members. This will mitigate against the risk of the Association's ageing membership.

The current health market inquiry investigating the dynamics of the private healthcare industry will undoubtedly impact the health care provider industry. The inquiry may result in sustainability concerns

**“THE BEST WAY
TO PREDICT
THE FUTURE IS
TO INVENT IT”**

- Alan Kay

for practitioners in the medium and long term. The Association's ability to negotiate with medical schemes and managed-care companies will be affected if it is unable to negotiate dental benefits or new procedures and technology that should be funded. The Association is required to negotiate consideration of dental procedures individually with schemes and funders.

The White Paper (in respect of the National Health Insurance / NHI) was recently published for comment. At this stage, despite efforts to understand the full impact of the legislation on the dental profession particularly, the Paper contains little or no information about dentistry at the various levels of care anticipated to be provided by NHI. The Board and its Committees will keep up to date on all developments in this regard, as and when they become available.

New legislation anticipated in 2017, which will demarcate the business of medical schemes from health insurance products like gap cover and primary healthcare products (providing for, amongst others, dentistry) will have some impact on dental insurance products on offer to members of the public. Should this legislation be approved, it may impact some products that are likely to be offered by SADFIND.

The continued expansion of scope of practice for different dental auxiliaries operating in the dental landscape (including giving some the right of independent private practice) continues to present a challenge to the sustainability of the dental profession. In addition, there is currently an additional a threat posed by the anticipated introduction of a new clinical worker with limited clinical scope – the Clinical Dental Technologist (also known as Denturists).

Over the years, with each successive amendment, the regulator and its professional board have sought to expand the scope of dental auxiliaries so that some of these procedures that fell squarely within the scope of dentists can now be carried out by them. This situation is further aggravated by the fact that many unregistered persons offer some clinical services, such as teeth whitening, with complete impunity.

SADA will continue to interact with the relevant professional boards and regulators to maintain the landscape in which dentists practise responsibly, taking into account the education and training of dentists compared to other professionals operating in this space.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are required, in terms of the Companies Act 71 of 2008, to maintain adequate accounting records and are responsible for the content and integrity of the Annual Financial Statements (AFS) and related financial information included in this report.

It is their responsibility to ensure that the Annual Financial Statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards (IFRS) for Small and Medium-sized Entities. The external auditors are engaged to express an independent opinion on the Annual Financial Statements.

The Annual Financial Statement are prepared in accordance with International Financial Reporting Standards IFRS for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates. The Directors acknowledge that they are ultimately responsible for the system of

internal financial control established by the company and place considerable importance on maintaining a strong control environment.

To enable the Directors to meet these responsibilities, the Board sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly-defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied

and managed within predetermined procedures and constraints.

The Directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the Annual Financial Statements. However, any system of internal financial control can provide only reasonable – , – and not absolute – , – assurance against material misstatement or loss.

The Directors have reviewed the company's cash flow forecast for the year to 30 September 2017 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's Annual Financial Statements. The Annual Financial Statements have been examined by the company's external auditors and their report is presented on pages 40 to 41.

The Annual Financial Statements set out on pages 43 to 46, which have been prepared on the going concern basis, were approved by the board on 15 February 2017 and were signed on its behalf by:

Dr YF Solomons
Chairperson



Mr KC Makhubele
Chief Executive Officer



INDEPENDENT AUDITORS REPORT



AUDIT • ADVISORY • FORENSICS

OPPORTUNITY. EXCEEDED.

INDEPENDENT AUDITOR'S REPORT

To The Members of the South African Dental Association (NPC)

We have audited the financial statements of the South African Dental Association (NPC), as set out on pages 7 to 25 which comprise the statement of financial position as at 30 September 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards for Small and Medium-Sized Entities, and requirements of the Companies Act 71 of 2008, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Head Office

20 Morris Street East, Woodmead, 2191
P.O. Box 2939, Saxonworld, 2132
Tel: +27 (0) 11 231 0600
Fax: +27 (0) 11 234 0933

, Victor Sekese (Chief Executive)

A comprehensive list of all Directors is available at the company offices or registered office.

SizweNtsalubaGobodo incorporated. Registration Number: M2005/034639/21

In our opinion the financial statements present fairly, in all material respects, the financial position of the South African Dental Association (NPC) as at 30 September 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards for Small and Medium-Sized Entities, and the requirements of the Companies Act 71 of 2008.

Other reports required by the Companies Act

As part of our audit of the financial statements for the year ended 30 September 2016, we have read the Directors' Report for the purpose of identifying whether there are material inconsistencies between this report and the audited financial statements. The report is the responsibility of the respective preparers. Based on reading the report we have not identified material inconsistencies between the report and the audited financial statements. However, we have not audited the report and accordingly do not express an opinion on the report.



Alex Philippou
SizweNtsalubaGobodo Inc
Engagement Director
Registered Auditor
15 February 2017

Summit Place Office Park, Building 4
221 Garsfontein Road
Menlyn, Pretoria
Gauteng



PRINCIPAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

THE SOUTH AFRICAN DENTAL ASSOCIATION (NPC)

(REGISTRATION NUMBER 1935/007092/08)

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

DIRECTORS' REPORT

The directors have pleasure in submitting their report on the annual financial statements of The South African Dental Association (NPC) for the year ended 30 September 2016.

1. REVIEW OF ACTIVITIES

Main business and operations

The company is a professional membership association, providing advocacy and educational services to members and operates principally in South Africa.

The operating results and state of affairs of the company are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

2. DIRECTORATE

The directors in office at the date of this report are as follows:

Directors	Nationality	
Dr C Brent	South African	
Dr MB Wertheimer	South African	
Dr NJ Setshego	South African	
Dr S Erasmus	South African	
Dr S Shri Kissoon	South African	
Dr YF Solomons (Chairperson)	South African	
Mr KM Nyatsumba	South African	
Ms MJ Ndlovu	South African	Resigned Friday, 18 March 2016
Ms MJ Smit (CEO)	South African	Resigned Saturday, 27 August 2016
Mr KC Makhubele (CEO)	South African	Appointed Tuesday, 01 November 2016
Dr KLM Mafanya	South African	

3. EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

4. GOING CONCERN

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

5. AUDITORS

SizweNtsalubaGobodo Inc continued in office as auditors for the company for 2016.

6. SECRETARY

The company had no registered secretary during the year.

7. LIQUIDITY AND SOLVENCY

The directors have performed the liquidity and solvency tests required by the Companies Act 71 of 2008.

THE SOUTH AFRICAN DENTAL ASSOCIATION (NPC)

(REGISTRATION NUMBER 1935/007092/08)

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2016

Figures in Rand	Note(s)	2016	2015
ASSETS			
NON-CURRENT ASSETS			
Investment property	2	11,366,940	11,366,940
Property, plant and equipment	3	461,136	349,150
Intangible assets	4	214,836	256,045
		12,042,912	11,972,135
CURRENT ASSETS			
Inventories	6	82,153	100,600
Trade and other receivables	7	4,212,615	3,566,080
Benevolent fund	5	2,248,935	2,512,026
Investments	24	9,090,075	3,155,416
Cash and cash equivalents	8	5,623,031	12,130,272
		21,256,809	21,464,394
Total Assets		33,299,721	33,436,529
EQUITY AND LIABILITIES			
EQUITY			
Reserves		30,794,532	30,106,767
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	2,505,189	3,329,762
Total Equity and Liabilities		33,299,721	33,436,529

STATEMENT OF COMPREHENSIVE INCOME

THE SOUTH AFRICAN DENTAL ASSOCIATION (NPC)

(REGISTRATION NUMBER 1935/007092/08)

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

STATEMENT OF COMPREHENSIVE INCOME

Figures in Rand	Note(s)	2016	2015
Revenue	10	19,390,577	16,966,926
Other income		2,986,555	2,723,162
Operating expenses		(22,545,200)	(19,911,377)
Operating deficit	11	(168,068)	(221,289)
Investment revenue	12	1,069,368	757,876
Fair value adjustments	13	49,556	-
Surplus for the year		950,856	536,587
Total comprehensive surplus for the year		950,856	536,587

STATEMENT OF CHANGES IN RESERVES

THE SOUTH AFRICAN DENTAL ASSOCIATION (NPC)

(REGISTRATION NUMBER 1935/007092/08)
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

STATEMENT OF CHANGES IN RESERVES

Figures in Rand	Property Reserve	Marketing Reserve	Branches Reserve	Benevolent Fund	Operating reserve	Total reserves	Retained income	Total Equity
Balance at 01 October 2014	3,244,004	488,117	139,659	2,488,460	-	6,360,240	23,186,374	29,546,614
Surplus for the year	-	-	-	-	-	-	536,587	536,587
Total comprehensive surplus for the year	-	-	-	-	-	-	536,587	536,587
Transfer between reserves	-	-	-	-	23,186,374	23,186,374	(23,186,374)	-
Transfer from operations to marketing reserve	-	200,701	-	-	-	200,701	(200,701)	-
Benevolent fund movement	-	-	-	23,566	-	23,566	-	23,566
Transfer to operating reserve	-	-	(139,659)	-	475,545	335,886	(335,886)	-
Total movement to reserves	-	200,701	(139,659)	23,566	23,661,919	23,746,527	(23,722,961)	23,566
Balance at 01 October 2015	3,244,004	688,818	-	2,512,026	23,661,919	30,106,767	-	30,106,767
Surplus for the year	-	-	-	-	-	-	950,856	950,856
Total comprehensive surplus for the year	-	-	-	-	-	-	950,856	950,856
Transfer between reserves	-	-	-	-	929,068	929,068	(929,068)	-
Transfers to Marketing reserve	-	21,788	-	-	-	21,788	(21,788)	-
Transfer from Benevolent fund	-	-	-	(263,091)	-	(263,091)	-	(263,091)
Total movement to reserve	-	21,788	-	(263,091)	929,068	687,765	(950,856)	(263,091)
Balance at 30 September 2016	3,244,004	710,606	-	2,248,935	24,590,987	30,794,532	-	30,794,532
Note(s)	17	18	19	5	20			

STATEMENT OF CASH FLOWS

THE SOUTH AFRICAN DENTAL ASSOCIATION (NPC)

(REGISTRATION NUMBER 1935/007092/08)

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

STATEMENT OF CASH FLOWS

Figures in Rand	Note(s)	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	21	(1,384,088)	1,639,263
Interest income	12	1,069,368	757,876
Net cash from operating activities		(314,720)	2,397,139
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	3	(206,398)	(20,991)
Sale of property, plant and equipment	3	961	-
Purchase of other intangible assets	4	(101,981)	(158,749)
Sale of financial assets		49,556	-
Investment in equity instruments		(5,934,659)	(3,155,417)
Net cash from investing activities		(6,192,521)	(3,335,157)
Total cash movement for the year		(6,507,241)	(938,018)
Cash at the beginning of the year		12,130,272	13,068,290
Total cash at end of the year	8	5,623,031	12,130,272

ABBREVIATIONS

ARO	African Regional Organisation
AURCOM	Audit & Risk Committee
CHE	Council for Higher Education
COT	Commuted Overtime
CPD	Continuous Professional Development
DHET	Department of Higher Education and Training
FDI	Fédération Dentaire Internationale
HASA	Hospital Association of South Africa
HPCSA	Health Professionals Council of South Africa
ICD	International Classification of Diseases
IDESA	Institute of Dental Education South Africa
IFED	International Federation of Esthetic Dentistry
IFRS	International Financial Reporting Standard
IIRS	International Integrated Reporting Council
IR	International Reporting Framework
NHI	National Health Insurance
NPC	Non Profit Company
PBDOH	Professional Board of Dental Therapy and Oral Hygiene
PETD	Postgraduate Education and Training (Dental)
R&D	Research and Development
RVU'S	Relative Value Units
SADA	South African Dental Association
SADFIN	South African Dental Financial Services
SADJ	South African Dental Journal
SADTC	South African Dental Technicians Council
SAMA	South African Medical Association
SAPPF	South African Private Practitioners' Forum
SAQA	South African Qualifications Authority
SARB	South African Reserve Bank
SSECO	Strategy, Social and Ethics Committee
WOHD	World Oral Health Day
YDC	Young Dentists Council

Disclaimer

This report, which sets out the annual results for SADA for the year ended 30 September 2015, contains "forward-looking statements", that reflect the current views or expectations of the Board with respect to future events, financial prospects and operational performance. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements, including, without limitation, those concerning SADA's strategy and the economic outlook for the industry. By their nature, forward-looking statements are inherently predictive, speculative and involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future, involve known and unknown risks, uncertainties and other facts or factors which may cause the actual results, performance or achievements of SADA, or the dental industry to be materially different from any results, performance or achievement expressed or implied by such forward-looking statements. Forward-looking statements are not guarantees of future performance and are based on assumptions regarding SADA present and future business strategies and the environments in which it operates now and in the future. These statements have not been reviewed or reported on by SADA's auditors.



**31 Princess of Wales Terrace,
Parktown, Johannesburg**

T: 011 484 5288
E: info@sada.co.za